

Executive Summary
of
Proposed Substitute Natural Gas Purchase and Sale Agreement

The following is a summary of the key terms in the proposed Substitute Natural Gas Purchase and Sale Agreement (the "Agreement") with Indiana Gasification, LLC ("IG"):

- **Purchase/Benefit:** The IFA will purchase substitute natural gas (pipeline quality gas also called "SNG") from IG at a formulaic price (described below). The SNG will then be sold by a third party marketer at the highest possible price into the marketplace. The difference between the two prices, either a cost or a benefit, will be passed on to retail end use customers through monthly gas bills.
- **Guaranteed Savings:** IG has guaranteed that retail end use customers will realize savings, i.e. aggregate net credits on their monthly bills of \$100,000,000 (in 2008 dollars) over the initial term of the Agreement. IFA will establish an account for tracking purposes which will be updated on a monthly basis for the difference between the price IFA pays IG for SNG and the price of natural gas in the marketplace.
- **Consumer Protection Reserve Account:** At the closing of IG's financing, IG will be required to post \$150,000,000 in a "Consumer Protection Reserve." This amount may be drawn down as needed to make up any difference in higher-than-market SNG prices.
- **Term:** The initial term is thirty (30) years, beginning on the first day of the first month of commercial production of SNG at the facility IG will construct (the "Plant"). At the end of the initial term, (a) if the guaranteed consumer savings of \$100,000,000 has been realized, IFA can elect to extend the term, or (b) if the guaranteed consumer savings has not been realized, IG may cover the shortfall in cash. If IG does not pay, it can cash-fund the difference, or IFA may extend the Agreement at a lower SNG price for the same quantities until the savings is realized, or IFA may force a sale of the Plant to make up the difference.
- **Milestone Dates:** The Agreement specifies that a target date for the closing of the financing of the Plant and commencement of construction is December 31, 2011. It further specifies that the target date for commercial production of SNG is June 30, 2015. If commercial SNG production has not begun by December 31, 2018, IFA can terminate the Agreement. All of the dates described above are extended on a day-for-day basis to the extent the IURC order approving the Agreement becomes final (unappealable) after June 30, 2011.
- **Quantity:** After commercial production has begun, IFA will be required to purchase up to 38 million MMBtus of SNG per year. In any month during the term, IFA will be required to purchase up to 105% of the annualized monthly average of such annual quantity (110% in certain circumstances), until the annual quantity has been reached.

- **Base Price:** The base price for SNG will be made up of four (4) components:
 - A – Capital Component – this represents the capital costs associated with constructing the Plant. It is fixed for the 30 year term at \$3.50 per MMBtu.
 - B – O&M Component – this represents IG's operating and maintenance expenses associated with running the plant. For the first seven (7) years of the term of the Agreement, this is fixed at \$1.88 per MMBtu, adjusted for inflation by a predetermined basket of market indices. Thereafter, it is subject to adjustment every five (5) years upon request of IFA, if the actual consumer savings is less than the targeted savings over that time period, or upon request of IG if any savings have been realized. The adjustment is to the average annual actual O&M costs of IG over the previous five (5) years, adjusted for inflation.
 - C – Fuel Component – this represents the actual fuel costs for the production of SNG, in accordance with an annual fuel procurement plan approved by both IG and IFA, and calculated in accordance with a predetermined formula based on the actual cost of fuel, the amount allocable to SNG purchased by IFA and adjusted for the actual efficiency of the Plant in producing SNG.
 - D – Pipeline Transportation Charge – this represents the actual charge to transport the SNG to the point at which IFA takes title, excluding any surcharges based on low output or low quality SNG (which shall be paid by IG).
- **Adjustments to the Base Price:** The base price may be adjusted as follows:
 - For IFA's Share of Net Incremental Revenues – to the extent that IG is able to sell additional SNG and any byproducts from the SNG process (e.g. argon, sulfuric acid, excess electricity, etc.), IG will split the net revenue from such sales 50-50 with consumers, with the consumer share used to reduce the base price of SNG.
 - For IFA's Share of Net CO₂ Revenues – to the extent IG is able to sell Carbon Related Products (as defined in the Agreement) or take advantage of carbon tax credits, the base price will be reduced by one half (1/2) of the net revenue from Carbon Related Products (calculated based on a predetermined formula and net of incremental costs) and one half (1/2) of the benefit of any available carbon tax credits. To the extent the Net CO₂ Revenues are negative, that amount will increase the base price subject to a cap of \$0.51 per MMBtu adjusted for inflation.
 - For New Taxes – to the extent that a "New Tax" (as defined in the Agreement) takes effect which is imposed on the sale of SNG to IFA, the base price will be adjusted for such New Tax, net of any tax benefits.
 - For Changes in Governmental Requirements – to the extent that a "Change in Governmental Requirements" (as defined in the Agreement) occurs which has a material effect on the cost of SNG production, the base price will be adjusted to comply with such change, subject to an aggregate equal to 13.5% of items A, B, and C in the Base Contract Price.

- For Market Differential – In each month, the base price will be adjusted based on the difference between the weighted average market price for natural gas as sold by the third party marketer and the price paid to IG. As long as cumulative savings exist, IG will receive all positive market differential until it has received a repayment amount equal to the \$150,000,000 that funded the Consumer Protection Reserve. After that the savings are split 50% to IFA to reduce the base price and 50% to IG. If no cumulative savings exist, then each of IG and IFA will be allocated 50% until IG is repaid \$150,000,000, and then 100% will be allocated to IFA to reduce the base price thereafter.

The resulting price after the calculation of the base price and the adjustments described above will be the price per MMBtu of SNG delivered to the IFA.

- **Emergency Use:** In the event of a declared state emergency, the IFA may take title to the gas and route it directly for any use in the state that is deemed necessary.
- **Conditions Precedent:** The Agreement is subject to approval by IFA and the IURC, and subject to the execution of a satisfactory marketing agreement, whereby IFA will sell the SNG purchased from IG, and acceptable financing for IG to build the Plant, which will be guaranteed by the U.S. Department of Energy.